



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105079; File No. SR-NSCC-2026-005]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing of Proposed Rule Change Concerning a New Customer Net Margin Account Option for Agent Clearing Members in the Securities Financing Transaction Clearing Service

March 25, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on March 20, 2026, National Securities Clearing Corporation (“NSCC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the clearing agency. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency’s Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change consists of amendments to the NSCC Rules & Procedures (“NSCC Rules”) to offer a new net margin account option for Agent Clearing Members in NSCC’s securities financing transaction (“SFT”) clearing service (“SFT Clearing Service”).³

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Capitalized terms not defined herein shall have the meaning assigned to such terms in the NSCC Rules, *available at* www.dtcc.com/legal/rules-and-procedures.

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the clearing agency included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The clearing agency has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of this proposed rule change is to modify the NSCC Rules to offer a new net margin account option for Agent Clearing Members in NSCC's SFT Clearing Service. The proposed rule change is discussed in detail below.

Background

SFT Clearing Service

In 2022, NSCC introduced its SFT Clearing Service to provide central clearing for SFTs.⁴ SFTs are, broadly speaking, transactions where the parties exchange equity securities against cash and simultaneously agree to exchange the same securities and cash, plus or minus a rate payment, on a future date. The SFT Clearing Service established new membership categories and requirements for (i) Sponsoring Members and Sponsored Members whereby existing Members would be permitted to sponsor

⁴ See Securities Exchange Act Release No. 95011 (May 31, 2022), 87 FR 34339 (June 6, 2022) (SR-NSCC-2022-003) (Order Approving Proposed Rule Change to Introduce Central Clearing for Securities Financing Transaction Clearing Service). NSCC also filed the proposal as advance notice SR-NSCC-2022-801. See Securities Exchange Act Release No. 94998 (May 27, 2022), 87 FR 33528 (June 2, 2022) (SR-NSCC-2022-801) (Notice of No Objection to Advance Notice to Introduce Central Clearing for Securities Financing Transaction Clearing Service).

certain institutional firms into membership⁵ and (ii) Agent Clearing Members whereby existing Members would be permitted to submit, on behalf of their customers, transactions to NSCC for novation.⁶ The SFT Clearing service is available for SFTs entered into between (i) a Member and another Member; (ii) a Sponsoring Member and its Sponsored Member (“Sponsored Member Transaction”); and (iii) an Agent Clearing Member acting on behalf of a Customer and either (x) a Member or (y) the same or another Agent Clearing Member acting on behalf of a Customer (“Agent Clearing Member Transaction”).⁷ An Agent Clearing Member’s clearing of Agent Clearing Member Transactions for Customers is also referred to in the NSCC Rules as the Customer Clearing Service.⁸

Agent Clearing Member/Customer Clearing Service

The Customer Clearing Service allows Members (in their capacity as Agent Clearing Members) to play the role of agent and credit intermediary for their institutional firm clients in clearing SFTs at NSCC. Under the Customer Clearing Service, Agent Clearing Members may submit to NSCC for novation Agent Clearing Member Transactions on behalf of one or more of their Customers. An Agent Clearing Member acts solely as agent of its Customers in connection with the clearing of Agent Clearing Member Transactions; however, the Agent Clearing Member remains fully liable for the performance of all obligations to NSCC arising in connection with Agent Clearing Member Transactions.

⁵ See *id.* and NSCC Rule 2C (Sponsoring Members and Sponsored Members), *supra* note 3.

⁶ See *supra* note 4 and NSCC Rule 2D (Agent Clearing Members), *supra* note 3.

⁷ See *supra* note 4 and Section 1 of NSCC Rule 56 (Securities Financing Transaction Clearing Service), *supra* note 3.

⁸ See NSCC Rule 1 (Definitions and Descriptions), *supra* note 3.

The Customer Clearing Service was primarily designed to accommodate agent-style trading, in which agent lenders are typically approved to transact in securities lending transactions on behalf of their institutional firm clients. For example, an Agent Clearing Member may submit SFTs executed by it as agent on behalf of its institutional firm clients (with each such client referred to as a “Customer”) with a Member participating in the SFT Clearing Service, which could include a Member acting in a proprietary capacity within the SFT Clearing Service as well as an Agent Clearing Member.

An Agent Clearing Member may establish one or more Agent Clearing Member Customer Omnibus Accounts at NSCC for its Customers’ positions in the name of the Agent Clearing Member for the benefit of its Customers.⁹ SFT Accounts are generally margined in accordance with Procedure XV (Clearing Fund Formula and Methodology) of the NSCC Rules, subject to certain adjustments discussed in Section 12(b) of NSCC Rule 56 (Securities Financing Transaction Clearing Service).¹⁰ However, each Agent Clearing Member Customer Omnibus Account may contain only activity where the Agent Clearing Member is acting either as Transferor on behalf of its Customers, or as Transferee on behalf of its Customers, but not both.¹¹ An Agent Clearing Member wishing to act as both Transferee and Transferor on behalf of its Customers currently must establish separate borrowing and lending Agent Clearing Member Customer Omnibus Accounts. As a result, the activity within any Agent Clearing Member Customer Omnibus Account contains only “long” or “short” positions, and there is no

⁹ See Section 5(b) of NSCC Rule 2D (Agent Clearing Members) and Section 16(b) of NSCC Rule 56 (Securities Financing Transaction Clearing Service), *supra* note 3.

¹⁰ See Section 12 of NSCC Rule 56 (Securities Financing Transaction Clearing Service) and Procedure XV (Clearing Fund Formula and Methodology) of the NSCC Rules, *supra* note 3.

¹¹ See Section 16(b) of NSCC Rule 56 (Securities Financing Transaction Clearing Service), *supra* note 3.

offset or netting for margin and Clearing Fund purposes. The Agent Clearing Member Customer Omnibus Accounts are therefore effectively margined on a “gross” basis.

NSCC proposes to amend the NSCC Rules to adopt a new Agent Clearing Member “net margin” account option for Agent Clearing Members in the SFT Clearing Service (as proposed, the “Agent Clearing Member Customer Net Margin Account”), which would contain activity where the Agent Clearing Member may be acting both as Transferor on behalf of its Customers and as Transferee on behalf of its Customers. The proposed Agent Clearing Member Customer Net Margin Accounts would also be margined in accordance with Procedure XV and Section 12(b) of Rule 56 of the NSCC Rules. However, unlike the current Agent Clearing Member Customer Omnibus Accounts, the proposed Agent Clearing Member Customer Net Margin Accounts would allow for the offset and netting of positions for margin and Clearing Fund purposes, resulting in reduced margin requirements that would be more similar to the margin requirements of the SFT Accounts maintained by Members for their own proprietary activity. The Agent Clearing Member would, however, remain fully liable for the performance of all obligations to NSCC arising in connection with Agent Clearing Member Transactions as with the existing Agent Clearing Member Customer Omnibus Accounts.

Proposed Changes

NSCC proposes to amend the NSCC Rules to adopt new Agent Clearing Member Customer Net Margin Accounts for its SFT Clearing Service. NSCC Members and other market participants have expressed interest in NSCC offering a net margin account option for SFT Members and their Customers that is similar to the Agent Clearing Service offered by NSCC’s affiliate clearing agency, Fixed Income Clearing Corporation

(“FICC”).¹² The proposed rule change would provide an additional way for Agent Clearing Members and their Customers to access NSCC’s SFT Clearing Service while providing enhanced margin and capital efficiency for users of the service, similar to the benefits offered by FICC’s Agent Clearing Service. The proposed rule change would further promote the alignment of buy-side access models across central counterparties (“CCPs”) and facilitate broader access to clearance and settlement services for Members and their Customers.

The proposed Agent Clearing Member Customer Net Margin Accounts would be offered in addition to, but would not replace, NSCC’s existing Agent Clearing Member Customer Omnibus Accounts, which do not allow for netting within or across accounts and are margined on a gross basis for margin and Clearing Fund purposes (hereinafter referred to as “Agent Clearing Member Customer Gross Margin Accounts”).¹³

The proposed Agent Clearing Member Customer Net Margin Accounts would be governed by NSCC’s existing Rules for Agent Clearing Members (NSCC Rule 2D) and the SFT Clearing Service (NSCC Rule 56) and would be margined and risk managed in the same manner as a Member’s proprietary SFT Account activity at NSCC. However, NSCC would make several modifications and clarifications to the NSCC Rules to (i) reflect the establishment and maintenance of the new accounts; (ii) clarify requirements for the submission of Agent Clearing Member Transactions; and (iii) clarify the netting and close-out treatment of the new Agent Clearing Member Customer Net Margin Accounts as compared to NSCC’s existing Agent Clearing Member Customer Omnibus Accounts. The proposed rule change is discussed in detail below.

¹² See Securities Exchange Act Release No. 101694 (Nov. 21, 2024), 89 FR 93784 (Nov. 27, 2024) (SR-FICC-2024-005) (Order Approving a Proposed Rule Change, as Modified by Partial Amendment No. 1, to Modify the GSD Rules to Facilitate Access to Clearance and Settlement of All Eligible Secondary Market Transactions in U.S. Treasury Securities).

¹³ See *supra* note 11 and associated text.

Proposed Changes to Definitions and Descriptions

NSCC proposes to add new defined terms to NSCC Rule 1 (Definitions and Descriptions) to reflect the adoption of the proposed Agent Clearing Member Customer Net Margin Accounts. Specifically, NSCC would add a new defined term “Agent Clearing Member Customer Net Margin Account” to mean an Agent Clearing Member Customer Omnibus Account that may contain activity where the Agent Clearing Member is acting both as Transferor and as Transferee on behalf of its Customers. NSCC would also add a new defined term “Agent Clearing Member Customer Gross Margin Account” to mean an Agent Clearing Member Customer Omnibus Account that may only contain activity where the Agent Clearing Member is acting as Transferor on behalf of its Customers, or as Transferee on behalf of its Customers, but not both.¹⁴

Additionally, NSCC would modify the definition of the existing term “Agent Clearing Member Customer Omnibus Account” to clarify that, as proposed, an Agent Clearing Member Customer Omnibus Account may be maintained as either an Agent Clearing Member Customer Gross Margin Account or an Agent Clearing Member Customer Net Margin Account.

Proposed Changes Related to Submission of Agent Clearing Member Transactions

NSCC proposes to modify the NSCC Rules to provide additional clarity regarding the requirements for submitting Agent Clearing Member Transaction data for Agent Clearing Member Customer Omnibus Accounts, including both Agent Clearing Member Customer Gross Margin Accounts and the proposed Agent Clearing Member Customer Net Margin Accounts.

¹⁴ The proposed definition would reflect the current description of activity maintained in Agent Clearing Member Customer Omnibus Accounts in Section 16(b) of NSCC Rule 56 (Securities Financing Transaction Clearing Service). *See supra* note 11.

NSCC would modify Section 5(a) of NSCC Rule 2D (Agent Clearing Members) to clarify that Agent Clearing Members would be permitted to submit for novation Agent Clearing Member Transactions entered into by one or more Customers on whose behalf the Agent Clearing Member is acting as agent. Currently, Section 5(a) of NSCC Rule 2D provides that an Agent Clearing Member may submit transactions “entered into by the Agent Clearing Member as agent on behalf of one or more Customers.” The proposed rule change would clarify that NSCC would accept for novation any Agent Clearing Member Transactions, regardless of whether such transactions are entered into by (i) the Agent Clearing Member on behalf of a Customer or (ii) by the Customer itself. In either case, however, the SFT trade data would be submitted for clearing to NSCC by an Approved SFT Submitter acting on behalf of the Agent Clearing Member.

In addition, NSCC would update Section 5(b) of NSCC Rule 2D to clarify that an Agent Clearing Member may elect to maintain one or more Agent Clearing Member Customer Gross Margin Accounts or Agent Clearing Member Customer Net Margin Accounts. The proposed rule change would conform with the proposed changes to the definition of Agent Clearing Member Customer Omnibus Account, as discussed above.

NSCC also proposes to add new Section 4(g) of Rule 56 concerning the submission of Agent Clearing Member Transactions. The proposed rule change would require that, when submitting an SFT to NSCC, the SFT transaction data shall designate the account in which the SFT shall be recorded, and that any such designation shall constitute a representation by the Agent Clearing Member to NSCC that the SFT is of a type that may be recorded in such account in accordance with the NSCC Rules. NSCC notes that an account designation is already a required input for the submission of SFT transaction data. The proposed rule change would clarify this requirement and help to ensure that Members are submitting appropriate SFT activity into their designated account types.

Proposed Changes Related to Netting, Close-out and Default Management

Finally, NSCC proposes to update the NSCC Rules to clarify the netting and close-out treatment of Agent Clearing Member Customer Omnibus Accounts in the event of an Agent Clearing Member default and, in particular, the netting and close-out of activity in the proposed Agent Clearing Member Customer Net Margin Accounts.

First, NSCC proposes to update Sections 9(c) and 10(b) of NSCC Rule 2D to clarify that, when NSCC ceases to act for an Agent Clearing Member in its capacity as an Agent Clearing Member, NSCC would terminate the ability of such Agent Clearing Member to submit Agent Clearing Member Transactions for all of its Customers; however, any Agent Clearing Member Transactions which have been novated by NSCC shall continue to be processed by NSCC. NSCC notes that under Sections 9(c) and 10(b) of NSCC Rule 2D, NSCC has existing authority to decline to accept or process data from the Agent Clearing Member, including Agent Clearing Member Transactions, in the event of a cease to act scenario. The proposed rule change would simply further clarify actions that NSCC may take in such a scenario.

In addition, the proposed rule change would provide that, in the event of a cease to act, NSCC, in its sole discretion, would determine whether to (i) close out open Agent Clearing Member Transactions or (ii) permit such Agent Clearing Member Transactions to be settled.¹⁵ Currently, the NSCC Rules discuss only NSCC's ability to close out open Agent Clearing Member Transactions. NSCC believes that having the option to permit such Agent Clearing Member Transactions to settle would enhance its default management processes by allowing for the settlement of Agent Clearing Member

¹⁵ NSCC would also make related, conforming changes to Section 14(b)(iii) and (iv) of NSCC Rule 56 (Securities Financing Transaction Clearing Service), which are discussed in further detail below.

Transactions, rather than requiring NSCC to take market action to close out such positions, if circumstances permit.

NSCC would also modify Section 14(b) of NSCC Rule 56 concerning cease to act procedures for SFT Members with open SFTs to clarify the profit and loss (“P&L”) netting treatment for the proposed Agent Clearing Member Customer Net Margin Accounts and related treatment for Agent Clearing Member Customer Gross Margin Accounts and Sponsored Member Sub-Accounts. Specifically, NSCC would add new rule text to Section 14(b) of NSCC Rule 56 providing that, in determining NSCC’s loss or profit resulting from the close-out of SFT Positions established in any Sponsored Member Sub-Account or Agent Clearing Member Customer Omnibus Account, NSCC may (i) in the case of a Sponsored Member Sub-Account, net the SFT Positions in such Sponsored Member Sub-Account; (ii) in the case of an Agent Clearing Member Customer Net Margin Account, net the positions in such account as well as the positions in any other Agent Clearing Member Customer Net Margin Account; and (iii) in the case of an Agent Clearing Member Customer Gross Margin Account, not net the positions in the account. NSCC notes that these proposed changes concerning Sponsored Members and Sponsored Member Sub-accounts are clarifying and organizational in nature and are not intended to substantively change any rights, requirements or obligations associated with such accounts.

NSCC also proposes to clarify its general authority to close out offsetting SFT Long and Short Positions in the same SFT Security without taking market action to close such positions. The proposed rule change would provide that, without limiting NSCC’s rights in the NSCC Rules, NSCC may decline to take market action to the extent that both SFT Long Position(s) and SFT Short Position(s) are established in respect of the same SFT Security in relation to a Defaulting SFT Member or its Sponsored Members or Customers, as applicable. In such a situation, the proposed rule would provide that NSCC

may determine loss or profit resulting from the close-out of such SFT Positions through its other market actions or by reference to market data. In such circumstances, the proposed rule change would allow NSCC to avoid incurring the costs or risks of market action with respect to offsetting SFT Positions when closing out the positions of a Defaulting SFT Member or its Sponsored Members or Customers.

The proposed rule change is primarily intended to clarify the netting and close-out actions that NSCC may take in the event of an Agent Clearing Member default. Specifically, the proposed rule change would clarify that for purposes of determining P&L in a close-out, NSCC would net any positions in the new proposed Agent Clearing Member Customer Net Margin Account within such account as well as with the positions in any other Agent Clearing Member Customer Net Margin Account. However, NSCC would not net positions in any Agent Clearing Member Customer Gross Margin Account, either within the account or across accounts, to preserve the “gross” vs. “net” nature of the Agent Clearing Member Customer Gross Margin Account. The proposed rule change would also provide additional clarification within Section 14(b) of NSCC Rule 56 concerning existing netting treatment in the NSCC Rules for Sponsored Member Sub-Accounts.

Finally, NSCC would make other drafting improvements and clarifications in Section 14 of NSCC Rule 56, which do not materially affect the substance of the NSCC Rules. For example, the proposed rule change would further clarify in Section 14 of NSCC Rule 56 that any Sponsored Member Transactions or Agent Clearing Member Transactions for which a Defaulting SFT Member is the Sponsoring Member or Agent Clearing Member, respectively, and which have been novated to NSCC shall continue to be processed by NSCC. It would also further clarify, as described above, that NSCC would have discretion to determine whether to close out the SFT Positions established in an SFT Member’s Sponsored Member Sub-Account and Agent Clearing Member

Customer Omnibus Account (if any) or permit the relevant Sponsored Member Transactions or Agent Clearing Member Transactions to be settled.

2. Statutory Basis

NSCC believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a registered clearing agency. Specifically, NSCC believes that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act¹⁶ and Rules 17ad-22(e)(6), (13), (19), (21) and (23) thereunder¹⁷ for the reasons set forth below.

Consistency with Section 17A(b)(3)(F)

Section 17A(b)(3)(F) of Act¹⁸ requires, in part, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions, and to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible. The proposed rule change would adopt a new Agent Clearing Member Customer Net Margin Account option for Agent Clearing Members in the SFT Clearing Service. The proposed Agent Clearing Member Customer Net Margin Accounts would be governed by the existing NSCC Rules for Agent Clearing Members (NSCC Rule 2D) and the SFT Clearing Service (NSCC Rule 56), with certain modifications to the NSCC Rules to (i) reflect the establishment and maintenance of the new accounts; (ii) clarify requirements for the submission of Agent Clearing Member Transactions; and (iii) clarify the netting and close-out treatment of the new Agent Clearing Member Customer Net Margin Accounts as compared to NSCC's existing Agent Clearing Member Customer Omnibus Accounts.

¹⁶ 15 U.S.C. 78q-1(b)(3)(F).

¹⁷ 17 CFR 240.17ad-22(e)(6), (13), (19), (21) and (23).

¹⁸ 15 U.S.C. 78q-1(b)(3)(F).

The proposed rule change is designed to encourage and facilitate the utilization of NSCC's SFT Clearing Service by a greater number of market participants. The proposed changes are intended to extend the benefits of central clearing to a broader segment of the SFT market, particularly to firms that would offer or participate through NSCC's SFT Customer Clearing Service using the proposed Agent Clearing Member Customer Net Margin Accounts. The proposed rule change would promote the central clearing and settlement of SFTs by providing an additional way for Agent Clearing Members and their Customers to access NSCC's SFT Clearing Service that would provide enhanced margin and capital efficiency for users of the service. Bringing more SFTs into central clearing would promote the prompt and accurate clearance and settlement of such transactions and provide benefits to NSCC's participants and the broader market, such as a reduction in the amount of counterparty credit risk in the SFT market through the application of NSCC's guaranty, risk management and default management rules and procedures.

The proposed rule change would incorporate the new Agent Clearing Member Customer Net Margin Accounts into NSCC's existing risk management framework. The Agent Clearing Member Transactions submitted within the proposed Agent Clearing Member Customer Net Margin Accounts would be margined in accordance with Procedure XV and Section 12(b) of Rule 56 of the NSCC Rules, in the same manner as a Member's proprietary SFT Account activity at NSCC, and would be subject to the same trade acceptance, novation, risk management and operational rules and safeguards as SFT transactions submitted within other account types under NSCC's SFT Clearing Service.¹⁹ Furthermore, Agent Clearing Members utilizing the proposed Agent Clearing Member Customer Net Margin Accounts would be subject to the same existing membership standards and member monitoring requirements that are currently applicable to Agent

¹⁹ See Section 12 of NSCC Rule 56 (Securities Financing Transaction Clearing Service) and Procedure XV (Clearing Fund Formula and Methodology) of the NSCC Rules, *supra* note 3.

Clearing Members under the NSCC Rules. The proposed rule changes would, therefore, help to assure the safeguarding of securities and funds which are in the custody and control of NSCC or for which it is responsible, by minimizing the potential for an Agent Clearing Member default or, in the event of a default, any associated default losses, thereby reducing potential risk and losses to NSCC and non-defaulting Members.

NSCC therefore believes the proposed rule change is designed to promote the prompt and accurate clearance and settlement of securities transactions, and to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible, in accordance with Section 17A(b)(3)(F) of Act.

Consistency with Rule 17ad-22(e)(6)

Rule 17ad-22(e)(6)(i)²⁰ under the Act requires that each covered clearing agency that provides CCP services establish, implement, maintain, and enforce written policies and procedures reasonably designed to cover its credit exposures to its participants by establishing a risk-based margin system that, among other things, considers, and produces margin levels commensurate with, the risks and particular attributes of each relevant product, portfolio, and market. As discussed above, the Agent Clearing Member Transactions submitted within the proposed Agent Clearing Member Customer Net Margin Accounts would be margined in accordance with Procedure XV and Section 12(b) of Rule 56 of the NSCC Rules and would be margined in the same manner as a Member's proprietary SFT Account activity at NSCC. NSCC uses a risk-based Clearing Fund formula that accounts for a variety of risk factors through the application of a number of components, each described in Procedure XV and Section 12 of Rule 56 of the NSCC Rules. NSCC's margin methodology is designed to consider, and produce margin levels commensurate with, the risks and particular attributes of each relevant product,

including SFTs cleared by NSCC. As a result, NSCC believes that the proposed changes are reasonably designed to allow NSCC to consider, and produce margin levels commensurate with, the risks and particular attributes of relevant products, portfolios, and markets, in accordance with Rule 17ad-22(e)(6)(i) under the Act.

Consistency with Rule 17ad-22(e)(13)

Rule 17ad-22(e)(13)²¹ under the Act requires that each covered clearing agency establish, implement, maintain, and enforce written policies and procedures reasonably designed to, among other things, ensure the covered clearing agency has the authority and operational capacity to take timely action to contain losses and liquidity demands and continue to meet its obligations. The proposed Agent Clearing Member Customer Net Margin Accounts would be subject to NSCC's existing default management rules and procedures, with certain modifications designed to (i) clarify the P&L netting treatment of proposed Agent Clearing Member Customer Net Margin Accounts in a Member default; (ii) enhance NSCC's default management processes for the Customer Clearing Service by allowing for the settlement of Agent Clearing Member Transactions, rather than requiring NSCC to take market action to close out such positions, if circumstances permit; and (iii) clarifying NSCC's general authority to close out offsetting SFT Long and Short Positions in the same SFT Security without taking market action. NSCC believes that its current default management rules and procedures, as modified by the proposed rule change, are designed to ensure that NSCC has the authority and operational capacity to take timely action to contain losses and liquidity demands and continue to meet its obligations in the event of an SFT Member default (and particularly, an Agent Clearing Member default). NSCC therefore believes the proposed rule change is

²¹ 17 CFR 240.17ad-22(e)(13).

reasonably designed to comply with the requirements of Rule 17ad-22(e)(13) under the Act.

Consistency with Rule 17ad-22(e)(19)

Rule 17ad-22(e)(19)²² under the Act requires that each covered clearing agency establish, implement, maintain, and enforce written policies and procedures reasonably designed to identify, monitor, and manage the material risks to the covered clearing agency arising from arrangements in which firms that are indirect participants in the covered clearing agency rely on the services provided by direct participants to access the covered clearing agency's payment, clearing, or settlement facilities. As discussed above, Agent Clearing Members wishing to utilize the proposed Agent Clearing Member Customer Net Margin Accounts would be subject to the same existing membership standards and member monitoring requirements that are currently applicable to Agent Clearing Members under the NSCC Rules. Additionally, the proposed Agent Clearing Member Customer Net Margin Accounts would be margined and risk managed in the same manner as a Member's proprietary SFT Account activity at NSCC and would be subject to the same trade acceptance, novation, risk management and operational rules and safeguards as SFT transactions submitted within other account types under NSCC's existing SFT Clearing Service (including the Agent Clearing Member and Sponsoring/Sponsored Member services). Accordingly, NSCC believes that its existing Rules related to the Customer Clearing Service, along with the proposed modifications discussed herein, would continue to be reasonably designed to identify, monitor, and manage the material risks to NSCC from clearing Customer activity on a net margin basis within its Customer Clearing Service, in accordance with Rule 17ad-22(e)(19) under the Act.

²² 17 CFR 240.17ad-22(e)(19).

Consistency with Rule 17ad-22(e)(21)

Rule 17ad-22(e)(21)²³ under the Act requires that each covered clearing agency establish, implement, maintain, and enforce written policies and procedures reasonably designed to, among other things, be efficient and effective in meeting the requirements of its participants and the markets it serves. As discussed above, NSCC Members and other market participants have expressed interest in NSCC offering a net margin account option for SFT Members and their Customers that is similar to the Agent Clearing Service offered by NSCC's affiliate clearing agency, FICC, which would provide enhanced margin and capital efficiency for users of the SFT Clearing Service.²⁴ The proposed rule change would offer a new way for Agent Clearing Members and their Customers to access NSCC's SFT Clearing Service through the use of Agent Clearing Member Customer Net Margin Accounts in response to this feedback. NSCC therefore believes the proposed rule change is reasonably designed to meet the requirements of NSCC's participants and the markets it serves, consistent with the requirements of Rule 17ad-22(e)(21) under the Act.

Consistency with Rule 17ad-22(e)(23)

Rule 17ad-22(e)(23)(i)²⁵ under the Act requires that each covered clearing agency establish, implement, maintain, and enforce written policies and procedures reasonably designed to publicly disclose all relevant rules and material procedures, including key aspects of its default rules and procedures. As noted above, the proposed Agent Clearing Member Customer Net Margin Accounts would be subject to NSCC's existing default management rules and procedures, with certain modifications designed to (i) clarify the P&L netting treatment of proposed Agent Clearing Member Customer Net Margin

²³ 17 CFR 240.17ad-22(e)(21).

²⁴ *See supra* note 12.

²⁵ 17 CFR 240.17ad-22(e)(23)(i).

Accounts in an Agent Clearing Member default; (ii) enhance NSCC's default management processes for the Customer Clearing Service by allowing for the settlement of Agent Clearing Member Transactions; and (iii) clarify NSCC's general authority to close out offsetting SFT Long and Short Positions in the same SFT Security without taking market action. These key aspects of NSCC's default management rules and procedures would be publicly set forth in the NSCC Rules. NSCC therefore believes the proposed rule change is reasonably designed to publicly disclose all relevant rules and material procedures, including key aspects of its default rules and procedures, in accordance with the requirements of Rule 17ad-22(e)(23)(i) under the Act.

For the reasons set forth above, NSCC believes the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act and Rules 17ad-22(e)(6), (13), (19), (21) and (23) thereunder.

(B) Clearing Agency's Statement on Burden on Competition

Section 17A(b)(3)(I) of Act²⁶ requires that the rules of a clearing agency do not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. NSCC does not believe the proposed rule change would present any burden or have any impact on competition. The proposed rule change would adopt a new net margin account option for Agent Clearing Members in NSCC's SFT Clearing Service. The proposed Agent Clearing Member Customer Net Margin Accounts would be available to all Agent Clearing Members and their customers that wish to use such accounts. The proposed Agent Clearing Member Customer Net Margin Accounts would be offered in addition to, and would not replace, the existing "gross margin" account option, which would also continue to be available to Agent Clearing Members and their customers. NSCC therefore believes that the proposed rule change would promote

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15 U.S.C. 78q-1(b)(3)(I).

competition by expanding access types and account models available to users of its SFT Clearing Service. The proposed rule change would not disadvantage or favor any particular Member in relationship to another Member or unfairly inhibit access to NSCC's services. As a result, NSCC does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

NSCC has not received or solicited any written comments relating to this proposal. If any written comments are received, they will be publicly filed as an Exhibit 2 to this filing, as required by Form 19b-4 and the General Instructions thereto.

Persons submitting comments are cautioned that, according to Section IV (Solicitation of Comments) of the Exhibit 1A in the General Instructions to Form 19b-4, the Commission does not edit personal identifying information from comment submissions. Commenters should submit only information that they wish to make available publicly, including their name, email address, and any other identifying information.

All prospective commenters should follow the Commission's instructions on how to submit comments, *available at* www.sec.gov/rules-regulations/how-submit-comment. General questions regarding the rule filing process or logistical questions regarding this filing should be directed to the Main Office of the Commission's Division of Trading and Markets at tradingandmarkets@sec.gov or 202-551-5777.

NSCC reserves the right not to respond to any comments received.

III. Date of Effectiveness of the Proposed Rule Change, and Timing for Commission Action

Within 45 days of the date of publication of this notice in the *Federal Register* or within such longer period up to 90 days (i) as the Commission may designate if it finds

such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) by order approve or disapprove such proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's internet comment form
(<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-NSCC-2026-005 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549.

All submissions should refer to File Number SR-NSCC-2026-005. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of NSCC and on DTCC's website (dtcc.com/legal/sec-rule-filings). Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to

copyright protection. All submissions should refer to File Number SR-NSCC-2026-005 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁷

Sherry R. Haywood,

Assistant Secretary.

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